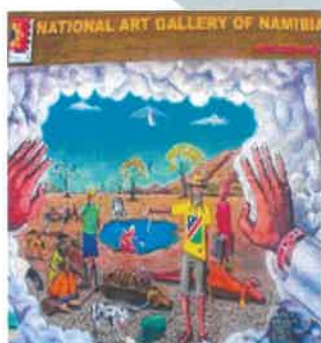




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL ARTS COUNCIL OF NAMIBIA

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2022 AND 2023

Published by authority

Price (Vat excluded) N\$ 60.00

Report no: 32/2025

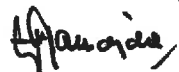
REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the National Arts Council for the financial years ended 31 March 2022 & 2023, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted through the Minister of Education, Arts and Culture in terms of Section 17(1) of the National Arts Fund Act, 2005 (Act 1 of 2005) to be laid upon the Table of the National Assembly by the Minister of Education, Arts and Culture in terms of Section 17(3) (c) of the Act.

WINDHOEK, March 2025


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**REPORT OF THE AUDITOR - GENERAL
ON THE ACCOUNTS OF THE NATIONAL ARTS COUNCIL OF NAMIBIA
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2022 AND 2023**

1. UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the National Arts Council of Namibia for the financial years ended 31 March 2022 and 2023. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the annual financial statements for the years then ended.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Arts Council of Namibia as at 31 March 2022 and 2023 and its financial performance and cash flows for the years then ended in accordance International Financial Reporting Standards (IFRS).

2. BASIS FOR UNQUALIFIED OF AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of my report. I am independent of the entity in accordance with the code of ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the code of ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible of overseeing the entity's financial reporting process.

5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)

The financial statements were submitted on 17 May 2024 later than required by the Accounting Officer to the Auditor-General in terms of Section 5 of National Arts Fund Act, (Act 1 of 2005) instead of three months after the financial year-end.

7. ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of National Arts Council during the audit is appreciated.

WINDHOEK, March 2025



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NATIONAL ARTS COUNCIL OF NAMIBIA
COUNCIL MEMBER'S REPORT FOR THE YEARS ENDED 31 MARCH 2022 AND 2023

The Council Members have pleasure in submitting their report on the annual financial statements of National Arts Council of Namibia for the year ended 31 March 2022 and 2023

1. Review of activities

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

3. Events after the reporting period

The Council Members are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Council Members' interests in contracts

During the financial year, no contracts were entered into which Council Members of the State Fund Organisation had an interest and which significantly affected the business of the State Fund Organisation.

5. Litigation statement

The State Fund Organisation becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The State Fund Organisation is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets

NATIONAL ARTS COUNCIL OF NAMIBIA
COUNCIL MEMBER'S REPORT FOR THE YEARS ENDED 31 MARCH 2022 AND 2023

6. Council members

Constitution of Council

The Council members of the State Fund organisation during the year and up to the date of this report are as follows:

Council members	Nationality	Appointment period
Mr Patrick Sam (Chairperson)	Namibian	01 April 2019-31 May 2022
Ms Shareen Thude (Vice chairperson)	Namibian	01 April 2019-31 May 2022
Ms Sanet Steenkamp	Namibian	01 April 2019-31 May 2022
Ms M'Kariko Amagulu	Namibian	01 April 2019-31 May 2022
Ms Dalicia Olivier	Namibian	01 April 2019-31 May 2022
Mr Immanuel Nashivela	Namibian	01 April 2019-31 May 2022
Mr Leitego /Narib	Namibian	01 April 2019-31 May 2022

There have been changes to the Council members for the 2023 year.

Ms Cisle Stella Jacobs (Chairperson)	Namibian	01 June 2022
Dr Isobel Manuel (Vice Chairperson)	Namibian	01 June 2022
Mr Lot Ndamanomhata	Namibian	01 June 2022
Mr Lysias Kafidi	Namibian	01 June 2022
Ms M'Kariko Amagulu	Namibian	01 June 2022
Ms Sanet Steenkamp	Namibian	01 June 2022
Mr Shikongeni Ntinda	Namibian	01 June 2022

ANNEXURE A

NATIONAL ARTS COUNCIL OF NAMIBIA
STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDED 31 MARCH

ASSETS	Note	2023 N\$	2022 N\$	2021 N\$
Non-current assets		3 620 443	14 483	1 122 818
Property and equipment	4	834	14 483	28 133
Unit Trusts	5	3 619 609	-	1 094 685
Current assets		1 644 088	3 944 805	308 143
Unit trusts	5	-	103 056	-
Cash and cash equivalents	6	1 644 088	3 841 749	308 143
Total assets		5 264 531	3 959 288	1 430 961
EQUITY AND LIABILITIES				
Equity				
Accumulated surplus		4 835 637	3 533 765	1 430 961
Liabilities				
Current liabilities		428 894	425 523	-
Trade and other payables	7	3 371	-	-
Project balances held in trust	8	425 523	425 523	-
EQUITY AND LIABILITIES		5 264 531	3 959 288	1 430 961

ANNEXURE B

NATIONAL ARTS COUNCIL OF NAMIBIA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 31 MARCH

		2023	2022	2021
	Note	N\$	N\$	N\$
Revenue	9	5 500 000	5 500 000	5 500 000
Other operating income	10	500	200	1 150
Other operating expenses	11	-	(4 736 129)	-
Other administrative expenses	11	(4 291 389)	1 330 362	(6 533 532)
(Deficit)/surplus from operating activities		1 209 111	2 094 433	(1 032 382)
Finance Income	12	92 761	8 372	100 580
(Deficit)/surplus for the year		1 301 872	2 102 805	(931 802)

ANNEXURE C

NATIONAL ARTS COUNCIL OF NAMIBIA
STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 MARCH

	Accumulated surplus	Total
	N\$	N\$
Balance as at 01 April 2021	1 430 960	1 430 960
Surplus for the year	2 102 805	2 102 805
Other comprehensive surplus	-	-
Total comprehensive surplus for the year	2 102 805	2 102 805
Balance as at 01 April 2022	3 533 765	3 533 765
Surplus for the year	1 301 872	1 301 872
Other comprehensive surplus	-	-
Total comprehensive surplus for the year	1 301 872	1 301 872
Balance as at 31 March 2023	4 835 637	4 835 637

ANNEXURE D

NATIONAL ARTS COUNCIL OF NAMIBIA
STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 MARCH

		2023	2022	2021
	Note	N\$	N\$	N\$
Cash generated from (to) operating activities				
Cash generated from/(used in) operations	14	1 226 131	2 108 083	(911 050)
Interest income	12	92 761	8 372	410*
*Net cash from (to) operating activities		1 226 131	2 116 455	(910 640)
Cash flows from investing activities				
Purchase of property plant and equipment		-	-	(30 236)
Unit trust redemption	5	(3 516 553)	-	600 000
Sale of unit trust	5		991 628	-
Interest earned on unit trust	12	-	-	(100 170)
Cash flow from / (used in) investing activities		(3 516 553)	991 628	469 594
Cash flow from financing activities				
Proceeds from project balances held in trust		-	425 523	-
Net cash from financing activities		-	425 523	-
Total cash movement for the year		(2 290 422)	3 533 606	(441 046)
Cash at the beginning of the year		3 841 749	308 143	749 189
Total cash at the end of the year		1 551 327	3 841 749	308 143

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31
MARCH**

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the National Arts Fund (NAF) Act No 1 of 2005.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars, which is the State Fund Organization's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note International Financial Reporting Standards.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and fittings, office equipment and computer equipment are determined based on State Fund Organisation replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31
MARCH

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the State Fund Organisation holds for its own use or for rental to others and which are expected to be used for more than one year

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the State Fund Organisation, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the State Fund Organisation and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the State Fund Organisation. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31
MARCH**

1.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount

1.4 Financial instruments

Financial instruments held by the State Fund Organisation are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the State Fund Organisation, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income).

Financial liabilities:

- Amortised cost.

Note 3 Financial instruments and risk management presents the financial instruments held by the State Fund Organisation based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the State Fund Organisation are presented below:

Investments in debt instruments at fair value through profit or loss Classification

Certain investments in debt instruments are classified as mandatorily at fair value through profit or loss. These investments do not qualify for classification at amortised cost or at fair value through other comprehensive income because either the contractual terms of these instruments do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, or the objectives of the State Fund Organisation business model are met by selling the instruments rather than holding them to collect the contractual cash flows.

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31
MARCH**

The State Fund Organisation has designated certain investments in debt instruments as at fair value through profit or loss. The reason for the designation is to reduce or eliminate an accounting mismatch which would occur if the instruments were not classified as such. Refer to note 5) for details

Recognition and measurement

Investments in debt instruments at fair value through profit or loss are recognised when the State Fund Organisation becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Interest received on debt instruments at fair value through profit or loss are included in finance income (note 12).

Impairment

Investments in debt instruments at fair value through profit or loss are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Project balances held in trust Classification

Project balances held in trust (note 8) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

The State Fund Organisation acts as a trustee over various projects and administer these funds. These balances are reflected as creditors at year-end. A corresponding balance is included in cash and cash equivalents.

Project balances held in trust are recognised when the State Fund Organisation becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31
MARCH**

1.4 Financial instruments (continued)

Recognition and measurement

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents include cash on hand demand deposits and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Derecognition financial assets

The State Fund Organisation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the State Fund Organisation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the State Fund Organisation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the State Fund Organisation retains substantially all the risks and rewards of ownership of a transferred financial asset, the State Fund Organisation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The State Fund Organisation derecognises financial liabilities when, and only when, the State Fund Organisation obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification Financial assets

The State Fund Organisation only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 31
MARCH**

1.4 Financial instruments (continued)

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the State Fund Organisation currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The State Fund Organisation has also entered into arrangements that do not meet the criteria for offsetting, but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

1.5 Tax

Current tax assets and liabilities

No taxation is provided for, as the Council is exempt for income tax.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the State Fund Organisation in which they are declared

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the State Fund Organization's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- the State Fund Organisation will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH**

1.9 Government grants (continued)

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense

1.10 Revenue from contracts with customers

Revenue is recognised to the extent that the Council has transferred the significant risk and rewards of ownership of good to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Council. Revenue is measured at the fair value of the consideration received or receivable, excluding sales, taxes and discounts.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those project balances held in trust.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Finance income

Interest income on financial assets at amortised cost are calculated using the effective interest method and is recognised in profit or loss as part of finance income

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The impact of the amendments is not material
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the amendments is not material
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the amendments is not material
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the amendments is not material

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

3 Financial instruments and risk management
Categories of financial instruments

		Amortised cost	Total
Categories of financial assets	Note	N\$	N\$
2023			
Cash and cash equivalents	6	1 644 088	1 644 088
2022			
Cash and cash equivalents	6	3 841 749	3 841 749
2021			
Cash and cash equivalents	6	308 143	308 143
Categories of financial liabilities			
2023			
Trade and other payables	7	3 371	3 371
Project balances held in trust	8	425 523	425 523
		428 894	428 894
2022			
Project balances held in trust	8	425 523	425 523

Pre tax gains and losses on financial instruments
Gains and losses on financial assets

2023			
Recognised in profit or loss:			
Interest income	12	92 761	92 761
2022			
Recognised in profit or loss:			
Interest income	12	8 372	8 372
2021			
Recognised in profit or loss:			
Interest income	12	100 580	100 580

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

3. Financial instruments and risk management (continued)

Capital risk management

The company's objective when managing capital (which includes working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The capital structure and gearing ratio of the company at the reporting date was as follows:

		2023	2022	2021
		N\$	N\$	N\$
Project balances held in trust	8	425 523	425 523	-
Trade and other payables	7	3 371 -		-
Total borrowings		428 894	425 523	
Cash and cash equivalents	6	1 644 088	3 841 749	308 143
Net borrowings		1 215 194	3 416 226	308 143
Equity		4 835 636	3 533 766	1 430 961
Gearing ratio		25%	97%	22%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk; and
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on cash and cash equivalents.

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

3. Financial instruments and risk management (continued)

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

The maximum exposure to credit risk is presented in the table below:

	2023			2022		
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
	N\$	N\$	N\$	N\$	N\$	N\$
Cash and cash equivalents	1 644 088	-	1 644 088	3 841 749	-	3 841 749
	2021					
	Gross carrying amount	Credit loss allowance	Amortised cost			
	N\$	N\$	N\$			
Cash and cash equivalents			308 143		-	308 143

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

3. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

3. Financial instruments and risk management (continued)
2023

		Less than 1 year	Total	Carrying amount
		N\$	N\$	N\$
Current liabilities				
Trade and other payables	7	3 371	3 371	3 371
Project balances held in trust	8	425 523	425 523	425 523

2022

		Less than 1 year	Total	Carrying amount
		N\$	N\$	N\$
Current liabilities				
Project balances held in trust	8	425 523	425 523	425 523

Interest rate risk

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH**

3. Financial instruments and risk management (continued)

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate			Carrying amount		
		2023	2022	2021	2023	2022	2021
Assets					N\$	N\$	N\$
Cash and cash equivalents	6	- %	- %	- %	1 644 088	3 841 749	308 143
Unit trusts	5	- %	- %	- %	3 619 609	103 057	1 094 685
					5 263 697	3 944 806	1 402 828
Liabilities							
Project balances held in trust	8	- %	- %	- %	425 523	425 523	-
Trade and other payables	7	- %	- %	- %	3 371	-	-
					428 894	425 523	1 402 828

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH

3. Financial instruments and risk management (continued)

	2023	2023	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
Unit trusts 1% (2022:1%)	(36 196)	36 196	(1 031)	1 031	(10 947)	10 947
Impact on equity:						
Unit trusts 1% (2022:1%)	36 196	(36 196)	1 031	(1 031)	10 947	(10 947)
Total impact on profit or loss and equity	-	-	-	-	-	-

Price risk

The company is not exposed to commodity price risk.

**NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH**

4. Property, plant and equipment

	2023				2022			
	2023		2022		2022		2022	
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Furniture and fixtures	153 564	(153 564)	-	153 564	(153 564)	-		
Motor vehicles	273 000	(273 000)	-	273 000	(273 000)	-		
Office equipment	37 184	(36 552)	632	37 184	(36 212)	972		
Computer software	103 858	(103 656)	202	103 858	(90 347)	13 511		
Total	567 606	(566 772)	834	567 606	(553 123)	14 483		

	2021			
	2021		2021	
	Cost	Accumulated depreciation	Carrying value	Carrying value
	N\$	N\$	N\$	N\$
Furniture and fixtures	153 564	(153 564)	-	-
Motor vehicles	273 000	(273 000)	-	-
Office equipment	37 184	(35 872)	1 312	1 312
Computer software	103 858	(77 037)	26 821	26 821
Total	567 606	(539 473)	28 133	28 133

NATIONAL ARTS COUNCIL OF NAMIBIA

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

4. Property, plant and equipment

Reconciliation of property, plant and equipment - 2023

	Opening balance	Depreciation	Total
	N\$	N\$	N\$
Office equipment	972	(340)	632
Computer software	13 511	(13 309)	202
	14 483	(13 649)	834

Reconciliation of property, plant and equipment - 2022

	Opening balance	Depreciation	Total
	N\$	N\$	N\$
Office equipment	1 312	(340)	972
Computer software	26 821	(13 310)	13 511
	28 133	(13 650)	14 483

Reconciliation of property, plant and equipment – 2021

	Opening balance	Additions	Depreciation	Total
	N\$	N\$	N\$	N\$
Office equipment	1 652	-	(340)	1 312
Computer software	17 407	30 236	(20 822)	26 821
	19 059	30 236	(21 162)	28 133

2023	2022	2021
N\$	N\$	N\$

5 Unit trust

At fair value

Capricorn Asset Management	3 619 609	103 056	1 094 685
----------------------------	-----------	---------	-----------

Non-current asset

At fair value	3 619 609	-	1 094 685
---------------	-----------	---	-----------

Current asset

At fair value	-	103 056	-
---------------	---	---------	---

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

5 Unit trust (continued)

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan and trade and other receivables at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans and trade and other receivables for which external ratings are not available. The abbreviation "12m" and "ECL" are used to depict "12 months" and "expected credit losses, respectively

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Non-performing	Either 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or there is evidence that the asset is credit impaired	Lifetime ECL (credit impaired) Amount is written off
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Amount is written off

	2023	2022	2021
	N\$	N\$	N\$
6 Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank balances	1 644 088	3 841 749	308 143

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2023	2022	2021
	N\$	N\$	N\$
6 Cash and cash equivalents (continued)			
Credit rating			
Bank Windhoek Limited (credit rating: AA+)	1 644 088	3 841 749	308 143

Based on current Namibian economy and environment these assets are still deemed to have a low credit risk rating.

Fair value of cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying amounts, given their short term nature.

Refer to note 3 for IFRS 9 recognition and classification of cash and cash equivalents.

7 Trade and other payables Financial instruments:

Trade payables	3 371	-	-
Financial instrument and non-financial instrument components of trade and other payables			
At amortised cost	3 371	-	-

Exposure to currency risk

The net carrying amounts, in Namibia Dollar, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Namibia Dollar by converting the foreign currency amount at the closing rate at the reporting date

ANNEXURE E

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

	2023	2022	2021
	N\$	N\$	N\$
8 Project balances held in trust			
Held at amortised cost			
Directorate projects	425 523	425 523	-
Split between non-current and current portions			
Current liabilities	425 523	425 523	-
9 Revenue			
Government grants	5 500 000	5 500 000	5 500 000
Disaggregation of revenue			
The company disaggregates revenue as follows:			
Other revenue			
Government grants	5 500 000	5 500 000	5 500 000
Timing of revenue recognition			
At a point in time			
Government grants	5 500 000	5 500 000	5 500 000
10 Other operating income			
Membership fees	500	200	1 150
11 Operating profit			
Operating surplus (deficit) for the year is stated after charging the following, amongst others:			
Remuneration, other than to employees			
Consulting and professional services	13 317	187 550	-
Employee costs			
Salaries, wages, bonuses and other benefits	42 063	11 408	59 769
Depreciation and amortisation			
Depreciation of property, plant and equipment	13 649	13 650	21 162

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

	2023	2022	2021
	N\$	N\$	N\$
11 Operating profit (continued)			
Expenses by nature			
The total operating expenses and administrative expenses are analysed by nature as follows:			
Employee costs	42 063	11 408	59 769
Depreciation, amortisation and impairment	13 649	13 650	21 162
Other expenses	302 329	370 928	646 619
Bursaries and awards	1 943 149	1 525 068	1 329 228
Distribution grants	500 000	1 113 929	3 884 758
Sponsorships	984 400	9 000	334 253
Council and committee fees	163 756	238 116	257 743
Travel and accommodation	96 427	36 992	-
S&T allowances	245 616	86 676	-
	4 291 389	3 405 767	6 533 532
12 Finance income			
Interest income			
Investments in financial assets:			
Interest received - unit trust	92 761	8 372	100 580
13 Taxation			
No taxation has been provided as the council is exempted from taxable income.			
14 Cash generated from operations			
Profit before taxation	1 301 872	2 102 805	(931 802)
Adjustments for: Depreciation	13 649	13 650	21 162
Interest income	(92 761)	(8 372)	410
Changes in working capital:			
Trade and other payables	3 371	-	-
	1 226 131	2 108 083	(910 230)

15 Related parties

Governing body

Ministry of Education, Arts and Culture

Management

Council members

The fund, in the ordinary course of business, enters into various transactions with the Government of Namibia, Ministry of Education, as the sole shareholder.

ANNEXURE E

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

	2023	2022	2021
	N\$	N\$	N\$
15 Related parties (continued)			
Approved bursary			
The National Arts Council of Namibia	-	1 516 068	-
	-	1 516 068	-
Grants - which were approved during the year			
Capital grants received from Government	-	-	5 500 000
Yambeka Kids Sculpture	-	6 510	-
C-Gals Chamber Choir members	-	100 000	-
Omaruru Brass	-	450 000	-
E-Tunga Studio	-	50 000	-
The National Arts Council of Namibia 2022/23	-	1 102 806	-
	-	1 709 316	5 500 000
Key management personnel compensation:			
Key management	-	1 565	182 303
	-	1 565	182 303
COVID-19 Relief fund - Outstanding funds that were not claimed			
Individual grants	-	38 000	-
Organisational grants	-	491 798	-
	-	529 798	-
Partnerships			
Arts Performance Centre	-	500 000	-
-	-	500 000	-
Board sitting fees			
Council Members	-	154 500	-
-	-	154 500	-

NATIONAL ARTS COUNCIL OF NAMIBIA
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

16. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

17 Change in estimate

Property, plant and equipment

The useful life of certain property, plant and equipment was estimated to be 10 years. In the current period management have revised their estimate to 5 years.

18 First-time adoption of International Financial Reporting Standards

The State Fund Organisation has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the 2021 comparatives contained in these annual financial statements differ from those published in the annual financial statements published for the year ended 31 March 2022.

The date of transition was 31 March 2021 and the effect of the transition was as follows:

Reconciliation of equity at 01 April 2021 (Date of transition to the new standards)

	Note	As reported under previous IFRS for SMEs	IFRS
Property, plant and equipment	4	28 133	28 133
Unit trusts	5	1 094 685	1 094 685
Total non-current assets		1 122 818	1 122 818
Cash and cash equivalents	6	308 143	308 143
Total assets less total liabilities		1 430 961	1 430 961
Accumulated surplus		1 430 961	1 430 961